

Service Date: April 27, 1983

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application of)
THE MONTANA POWER COMPANY for Au-) UTILITY DIVISION
thority to Establish Rates for its) DOCKET NO. 83.1.5
Deferred Accounting Filing and II;) INTERIM ORDER NO. 4976
THE MATTER of the Canadian Border)
Price Reduction from \$4.94 to)
\$4.40.)

FINDINGS OF FACT

1. The Montana Power Company (MPC) natural gas utility filed its request for amortization of net gas costs on January 24, 1983. The application requested a net revenue increase of \$3,367,710.

2. On April 12, 1983, the Canadian government announced that it would reduce the international border price from \$4.94/ Mcf @ 14.9 psia to \$4.40/mcf @ 14.9 psia.

3. The border price reduction affects the price of gas to MPC customers because one of its supply-sources is Canadian gas imported at the Aden border point.

4. The gas mix and associated costs approved for purposes of this Interim Order is:

	MCF @ 14.9	COST U.S	PRICE PER MCF
Market			
Residential	9,520		
Commercial	7,614		
Firm Industrial	797		
Interruptible Industrial	5,476		
Montana Utilities	5,213		

Montana Market	28,620		
Canadian Market	160		
Total Montana Market	28,780		
Special Sales			
Trans-Canada	3,503		
Trans-Use (Sales)	+ 0		
Total Special Sales	3,503		
Transmission Use	996		
Distribution Use	372		
Storage	- 3,500		
Total Requirements	30,151		
Supply			
Montana Market	0	\$ 0	\$ 0.000000
Trans-Canada	3,503	\$ 7,692	\$ 2.195720
Total From A16	3,503	\$ 7,692	\$ 2.195720
Reagan	288	\$ 1,459	\$ 5.066154
Aden Purchases	1,421	\$ 5,552	\$ 3.905728
Royalty,	5,686	\$ 14,244	\$ 2.505248
Fee	374	\$ 562	\$ 1.503284
Co-Use	- 561		
Net Aden	6,920	\$ 20,358	\$ 2.941882
Montana Purchases	14,550	\$ 39,721	\$ 2.730000
Royalty	6,466	\$ 2,069	\$ 0.320000
Co-Use	- 1,576		
Net Montana	19,440	\$ 41,791	\$ 2.149745
Total Gas Supply	30,151	\$ 71,299	\$ 2.109645
Loss Gas Cost Canadian			
Trans Canada	3,503	\$ 7,692	\$ 2.195720
Canadian Utilities	160	\$ 712	\$ 4.450781
Total Sales Credits	3,663	\$ 8,404	\$ 2.294221
Plus Storage Net Withdrawal	3,500	\$ 17,363	\$ 4.961000
Net Gas Costs of Montana Market	28,620	\$ 80,259	\$ 2.804293

5. The storage withdrawal in the approved mix is for the purpose of determining a reasonable interim gas cost only. MPC has discussed with staff the possibility of offsetting gas rate base represented by storage with

its investment in a new pipeline project. The Commission takes no position on this treatment at this time.

6. The mix includes no gas to the Montana market from MPC's Canadian supplier, Alberta and Southern Co. Ltd. MPC has invoked "force majeure" provisions in its contract since the dramatic loss in MPC's gas market. The Commission recognizes these conditions by approving this mix.

7. The impact of this mix and the border price reduction is:

Gas Costs Currently in Rates	\$ 3.018
Less: adjusted Gas Costs	<u>\$ 2.804</u>
Difference	\$.214

Montana Market @ 14.9 psia	28,620,000 Mcf
Reduction in Revenue Requirement	\$6,124,680

8. The Commission approves this reduction in revenue requirements pursuant to the attached stipulation.

9. Canadian energy officials have discussed in recent weeks the possibility of a further border price reduction on certain high volume gas exports. This reduction would apply only after a base amount of gas was purchased. If a further reduction is formalized, MPC shall reduce its Montana rates for natural gas service to reflect the reduction as it becomes effective on MPC's volumes on an annual basis.

10. The Commission also approves on an interim basis, the deferred account balance to be amortized over the sales volumes approved in the mix.

11. The Commission finds the net interim reduction to be \$2,756,970.

CONCLUSIONS OF LAW

1. The Montana Power Company is a corporation providing gas services within the State of Montana, and as such, is a "public utility" within the meaning of MCA Section 69-3-101.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

ORDER

1. The Montana Power Company shall file rate schedules for gas service designed to produce a reduction in annual revenues of \$2,756,970.

2. Unit rates shall be computed using:

A. The method set out in the Company's deferred account filing as it pertains to the \$3,367,710 revenue increase.

B. Volumetrically as it pertains to the \$6,124,680 revenue decrease.

3. The reduction in revenues shall be effective for services rendered on and after April 25, 1983.

4. The revenue reduction is temporary in nature, until such time as the Commission shall enter an order prescribing a gas mix on a permanent basis.

DONE AND DATED this 25th day of April, 1983 , by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

THOMAS J. SCHNEIDER, Chairman

CLYDE JARVIS, Commissioner

JOHN B. DRISCOLL, Commissioner

HOWARD ELLIS, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the Application of)
The Montana Power Co. for Authority to) Docket No.83.1.5
Establish Rates for its Deferred)

Accounting Filing and In the Matter of)
the Canadian Border Price Reduction)
from \$4.94 to 4.40.)

STIPULATION

The undersigned parties to the above referenced
proceeding hereby consent and stipulate to the entry
by, the Montana Public Service Commission of the
attached Interim Order No. 4976, subject to opportunity
for hearing in this or a related Docket.

DATED this 26th day of April, 1983.

THE MONTANA POWER CO.

By Dennis P. Lopach

MONTANA CONSUMER COUNSEL